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DIRECTORATE OF
INTELLIGENCE

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*Communist China: Forces pressing for restoration of order and stability appear to be further strengthening and consolidating their position.

This is suggested by the apparent purge of Acting Chief of Staff Yang Cheng-wu, a Lin Piao protege, and Yang's replacement by Huang Yung-sheng, long a target of militant Red Guard criticism.

A Peking radio report of a reception attended by Mao Tse-tung, Lin Piao, and ten other leaders on 25 March listed Huang, commander of the Canton Military Region, in the place normally reserved for Yang, who has just come under heavy verbal attack by demonstrators in the capital. Such name lists of elite personages follow a strict order of precedence. At earlier turnouts in Peking to display the active leadership, Huang was invariably listed among regional military leaders, much farther down the list.

Throughout the spring and summer of 1967, Huang was under very severe attack by militant Red Guards in Canton, backed by now-discredited radical leaders in Peking. From August through November he appeared frequently in Peking and may have been representing other regional military leaders who had come under attack by militants in July and August. Huang was named head of the Kwangtung Revolutionary Committee in late February, which suggests that he was not at that time under consideration for a post of national significance.

Huang's apparent appointment to such a post seems to be part of a broader offensive by moderate elements who were themselves under attack at the height of the Cultural Revolution. The radical Cultural Revolution Group, partly dismembered in September, has recently been further whittled away. Propaganda attacks on militant "factionalists" have grown more severe. Recent appointments in the provinces have tended to confirm in place or restore to good grace personalities who had been attacked or sidelined by Red Guard attacks last spring and summer.

(continued)

The purge of Yang and of the Peking garrison commander and the air force political commissar represents the most significant setback for forces associated with the Maoist onslaught against the political and military establishment to date. Huang's appointment strongly suggests that elements in the provinces and in Peking pressing for a return to law and order have improved their position significantly. [REDACTED]

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**The Director of Intelligence and Research, Department of State, and the Director, Defense Intelligence Agency, Department of Defense, consider that there is not yet sufficient evidence of the reasons for the possible removal of Acting Chief of Staff Yang Cheng-wu or his possible replacement by Huang Yung-sheng and has the following series of specific objections to the analysis in this article:*

a) Evidence so far available does not support the conclusion that Yang's removal and Huang's promotion would strengthen "forces pressing for the restoration of order and stability." It is not established that Yang is a militant or that Huang is a moderate. b) In practice, Mao Tse-tung, Chiang Ch'ing and the armed forces have apparently pressed for moderation during the past six months. There is no evidence that Yang opposed these efforts. c) It is not necessarily true that Yang's apparent ouster is part of "a broader offensive by moderate elements." It might be attributable to differences with the army not necessarily related to the over-all direction of the Cultural Revolution. d) The only military leaders listed as present at the Peking reception were Lin Piao, Huang and air force commander Wu Fa-hsien. Wu is considered a militant by many observers, and none of the alleged moderate army leaders were listed. e) Available evidence does not show that Huang has acted as a spokesman for other regional commanders. f) It is true that Huang was under attack by Red Guard groups in contact with leaders in Peking, some of whom have been purged, but some of these leaders remain in power, and at least one is allegedly a moderate. In recent months, Huang has seemed to get along better with the Peking-associated Red Guard groups in Canton than with their opponents. g) Only a relatively few provincial officials previously under heavy Red Guard attack have apparently been rehabilitated. In general the new provincial revolutionary committees appear to be dominated by the armed forces.

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Czechoslovakia: Party leader Alexander Dubcek's remarks before the central committee yesterday were the strongest affirmation yet of Czechoslovak sovereignty.

In effect he said that the Czechoslovak Communist Party alone will make decisions affecting the country's course and will resist attempts by other countries to interfere.

Dubcek asserted that Prague "does not overlook related affairs" in the international Communist movement but that "responsibility for our internal developments... rests primarily with... this Communist Party." Dubcek's comments undoubtedly were meant in part to reject flagrant attempts by the East Germans to intervene in Czechoslovak politics as well as criticism by various other Soviet bloc parties.

Prague has begun to seek economic assistance from the West. On 19 March, a representative of a group claiming to be anxious to encourage foreign investment in Czechoslovakia visited a privately owned US firm in Geneva to solicit an invitation for talks. A Czech correspondent in Moscow has stated that the Czechoslovak purpose in attending the Dresden meeting was to seek economic assistance, presumably expecting a refusal, as a preliminary to making an overture to the West.

The liberal's grip on the Czechoslovak party, meanwhile, was further strengthened on 28 March with the election to high party posts of Josef Smrkovsky and Cestmir Cisar and the resignation from the presidium and secretariat of Antonin Novotny.

The central committee also nominated General Ludvik Svoboda to be president. Svoboda's election by the National Assembly on 30 March appears assured because Smrkovsky and Cisar, also nominees, declared in his favor. Svoboda's selection is a gesture to the

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Soviet Union because he is a well-known advocate of a strong alliance with Moscow. He will probably, however, be little more than a figurehead.

Adoption of the party's "action program" apparently has been postponed until the central committee reconvenes on 1 April.

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Poland: *According to press reports, students at Warsaw University met yesterday to demand a redress of grievances, including the reinstatement of faculty members recently dismissed by the regime.

*The threat of forceful counteraction by the government apparently forestalled any open demonstration, but the students remain defiant.

The situation could deteriorate rapidly. The regime press on 28 March threatened a mass expulsion of students and warned that forbearance will no longer be given to firebrands who try to sustain "a permanent psychosis of tension." The rector of Warsaw University warned that the school would be closed if students failed to resume studies. Student militants, however, continue to press for consideration of their demands, and there are rumors a student rally is being planned for next week.

Provincial universities appear quiet and their students reportedly believe that further protests now are useless.

The regime has clearly drawn the line against further disturbances, which are being equated with antistate activity affecting national security. At the same time, it may be exploring new moves to mollify the students. According to one unconfirmed report, liberal Premier Cyrankiewicz is working behind the scenes to resolve the student problem.

An increase of party factional infighting is probably behind the imminent closing of the party's prestigious weekly, Polityka. All but two members of its editorial board are said to have resigned in protest against tendentious antistudent propaganda. Veiled press attacks against chief editor Rakowski suggest that party hard-liners are attempting to silence one of the few liberals close to Gomulka.

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The expected purge of liberal elements, both Jewish and non-Jewish, from the party and state apparatus will probably reach into the upper levels of the Foreign Ministry, where Jews are still firmly entrenched. Top ministry officials, including both deputy ministers Naszkowski and Winiewicz, reportedly came under attack at a recent meeting of the ministry's party organization.

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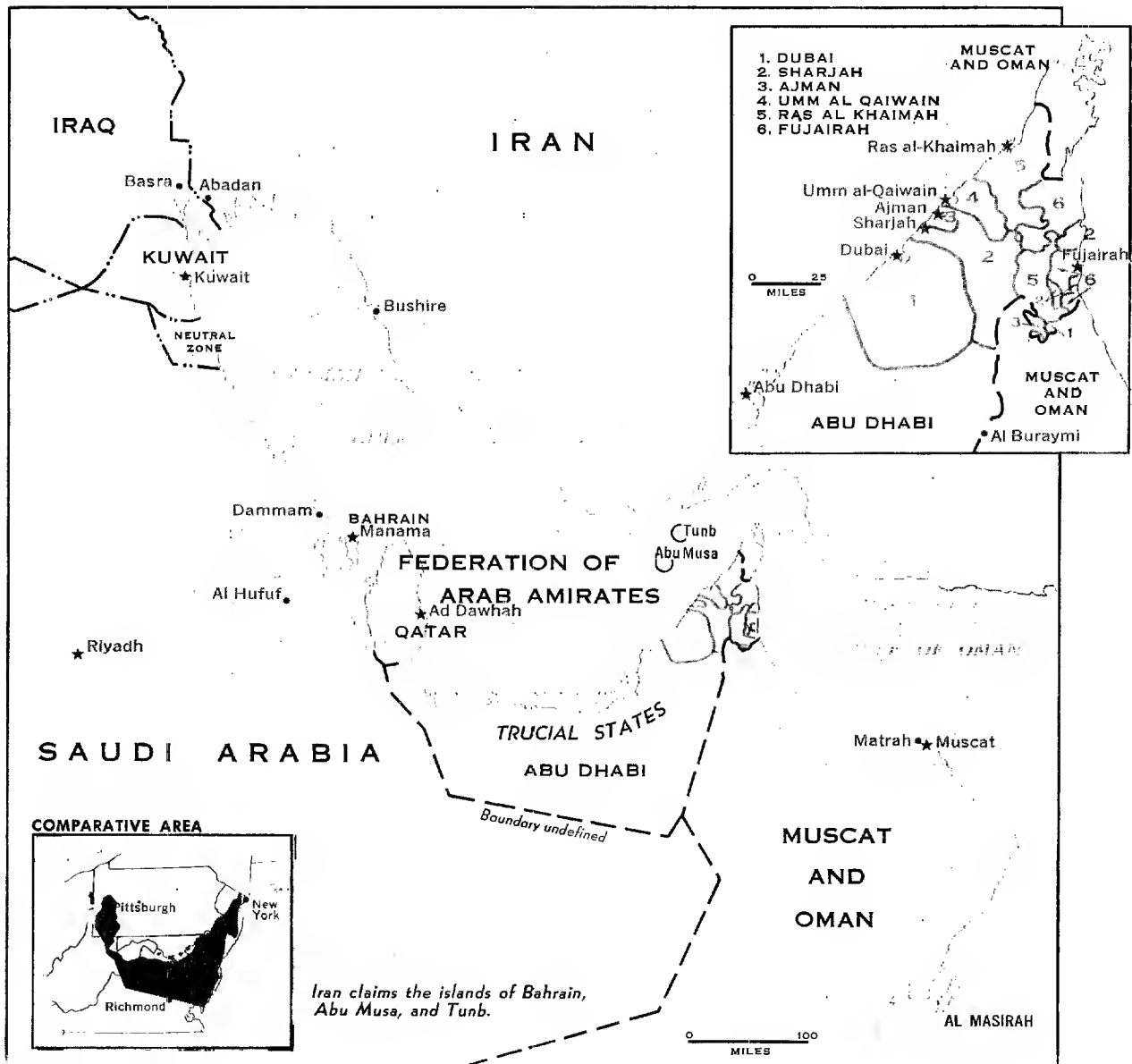
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A New Federation in the Persian Gulf



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Persian Gulf: The emergence of the Federation of Arab Amirates will further complicate the situation in the gulf.

The federation of Bahrain, Qatar, and the seven Trucial sheikdoms is slated to come into being on 30 March, the first day of the Muslim new year. No one, however, including the participants, seems to know just what the federation will entail. The British have already indicated that the date is "without significance" with respect to their relations with the gulf states, which they will continue to treat as nine, separate, British-protected entities. At least some Arab states and the Arab League apparently intend to extend recognition to the federation, however.

According to the agreement, the federation is to be responsible for both the defense and foreign policy of its members--matters reserved for the British in existing treaties. Decisions are to be taken by the unanimous consent of the nine rulers involved, which will almost certainly mean that very few decisions will be taken.

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Meanwhile, the Shah of Iran is irritated because the federation is to include Bahrain and various islands in the gulf which Iran claims. He apparently intends to denounce the federation, but is unlikely to take military action at least as long as Britain remains in the gulf.

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Guatemala: President Mendez' removal of Defense Minister Colonel Arriaga yesterday may provoke army reprisals.

Mendez reportedly has also decided to replace the commander of the Honor Guard Brigade in Guatemala City and the commander of the powerful army brigade in Zacapa, who is alleged to have been implicated in the kidnaping of Archbishop Casariego on 16 March. Other high-ranking military officers are rumored to have been involved, and Vice President Marroquin has been censured by the Congress for his newspaper's irresponsible coverage of the incident.

Unless key troop commanders have collaborated with Mendez in his action, there is a strong possibility that a military move against the government will follow. In any case, without continued support from the military, President Mendez would have little chance of completing his term which ends in 1970.

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*Panama: Renewed violence last night following a National Union (NU) women's march gave rise to the most serious incident yet in the four-week-old impeachment crisis.

Yesterday's protest march, which included the wives of "President" Delvalle and prominent NU leaders, drew an estimated 15,000 people--the largest turnout since the conflict over two presidents came to a head last weekend. When the crowd began to disperse, hoodlums looted and smashed store windows in the central business district; others attacked National Guard units and set five cars and two buses afire. Two persons reportedly were killed and many were injured before the vandals were brought under control by the Guard using tear gas.

Guard Commandant Vallarino yesterday cautioned his commanders against indiscriminate use of tear gas in coping with NU demonstrators because of recent criticism of the Guard's alleged heavy-handed use of force in quelling disorders.

In the three days remaining before the Supreme Court reconvenes to consider issues relating to the impeachment crisis, antigovernment disorders may resume. Unless rioting becomes widespread and prolonged, however, the Guard probably will be able to contain any further outbursts--though at the cost of increasing resentment over its support of the Robles government.

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Hungary-Rumania: Hungary's expert on inter-party affairs, Zoltan Komocsin, says the Hungarians will try in high-level talks with the Rumanians to smooth over, among other things, the differences arising from Rumania's walkout at the Budapest conference of Communist parties last month. Komocsin told a television interviewer that party and state "bilateral relations cannot be damaged by regrettable events that occurred at the meeting." The Hungarians will probably try to hold bilateral talks before the next session of the Budapest preparatory commission set for 24 April.

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NATIONAL INTELLIGENCE ESTIMATE

The United States Intelligence Board on 28 March 1968 approved the following national intelligence estimate:

NIE 80/90-68 "The Potential for Revolution in
Latin America"

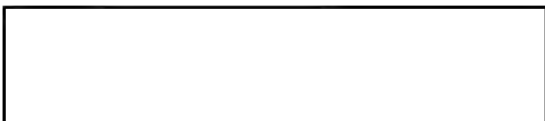
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